

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
PENDLETON COUNTY WATER DISTRICT) CASE NO. 9944

O R D E R

On June 2, 1987, Pendleton County Water District ("Pendleton") filed its revised tariff sheet with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068, Purchased Water Adjustment.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Pendleton purchases water from two suppliers, Campbell County Water District ("Campbell County") and the City of Falmouth ("Falmouth").

2. On April 15, 1987, Pendleton adjusted its rates by \$.13 per 1,000 gallons as a result of an increase in the cost of water purchased from Campbell County. This adjustment was subsequently approved by the Commission in Case No. 9909.¹

¹ Purchased Water Adjustment of Pendleton County Water District dated April 22, 1987.

3. In Case No. 9625,² which was pending concurrently with Case No. 9909, the Commission entered an Order on April 20, 1987, approving increased rates and a change in rate design. However, Pendleton failed to file timely information in that case concerning the increased cost of water. Therefore, the Commission issued an Amended Order in Case No. 9625, dated June 22, 1987, adjusting the rates to allow for the increased purchased water expense.

4. Pendleton's second supplier, Falmouth, increased its rates for purchased water effective with the July 1987 billing for services rendered on and after May 15, 1987.

5. Pendleton increased the rates to its customers effective May 15, 1987.

6. Pendleton's rates are incorrect in that they are not based on the rates approved by the Commission's Amended Order in Case No. 9625 and should, therefore, be denied.

7. Pendleton purchased 8,065,000 gallons of water from Falmouth during the 12 months ending March 31, 1987, and sold 58,823,490 gallons system wide.

8. The increase in purchased water costs is \$558, resulting in a purchased water adjustment of \$.01 per 1,000 gallons.

9. Pendleton's calculations are incorrect in that the water costs were computed at the single rate charged for volumes over

² Application of the Pendleton County Water District, of Pendleton and Campbell Counties, Kentucky, for Approval of Construction, Financing and Increased Rates.

50,000 gallons rather than Falmouth's declining block schedule. The correct calculations are shown in Appendix B.

10. The purchased water adjustment in the amount of \$.01 per 1,000 gallons of water and the rates in Appendix A should be approved.

11. Any excess revenue which may have been collected by Pendleton from the rates placed into effect May 15, 1987, should be refunded to its customers by way of a credit on their next monthly bills. Within 10 days thereafter, a report should be filed with the Commission showing the amount of such refunds or verifying that no excess revenue was actually collected.

IT IS THEREFORE ORDERED that:

1. The rates filed by Pendleton are hereby denied.

2. The purchased water adjustment in the amount of \$.01 per 1,000 gallons and the rates in Appendix A are approved, effective for services rendered on and after May 15, 1987.

3. Any excess revenue collected by Pendleton shall be refunded in accordance with Finding No. 11.

4. Within 30 days of the date of this Order, Pendleton shall file its revised tariff sheet setting out the rates approved herein.

5. Within 30 days of the date of this Order, Pendleton shall file a copy of the notice to its customers and verification that such notice has been given.

Done at Frankfort, Kentucky, this 29th day of June, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Hemminger
Chairman

[Signature]
Vice Chairman

Spencer D. Williams
Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9944 DATED JUNE 29, 1987

The following rates and charges are prescribed for the customers in the area served by Pendleton County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First 2,000 gallons	\$8.47 Minimum Bill
Next 3,000 gallons	3.91 per 1,000 gallons
Next 10,000 gallons	3.81 per 1,000 gallons
Over 15,000 gallons	3.66 per 1,000 gallons

Griffin Industries, Inc.

First 400,000 gallons	\$1,467.40 Minimum Bill
Over 400,000 gallons	3.66 per 1,000 gallons

Pendleton County High School

First 125,000 gallons	\$ 460.90 Minimum Bill
Over 125,000 gallons	3.66 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9944 DATED JUNE 29, 1987.

Calculation of Purchased Water Adjustment

Cost at Changed Rate:

First 2,000 X 12 =	24.0 m. gal. (12 X \$7.88)	= \$	94.56
Next 3,000 X 12 =	36.0 m. gal. X 1.67	=	60.12
Next 5,000 X 12 =	60.0 m. gal. X 1.37	=	82.20
Next 40,000 X 12 =	480.0 m. gal. X 1.13	=	542.40
Over 50,000	<u>7,465.0 m. gal.</u>	X 1.47 =	<u>10,973.55</u>
	8,065.0 m. gal.		\$11,752.83

Less

Cost at Base Rate

First 2,000 X 12 =	24.0 m. gal. (12 X \$7.50)	= \$	90.00
Next 3,000 X 12 =	36.0 m. gal. X 1.59	=	57.24
Next 5,000 X 12 =	60.0 m. gal. X 1.30	=	78.00
Next 40,000 X 12 =	480.0 m. gal. X 1.08	=	518.40
Over 50,000	<u>7,465.0 m. gal.</u>	X 1.40 =	<u>10,451.00</u>
	8,065.0 m. gal.		\$11,194.64

Increase in Costs = \$558.19

\$558.19 ÷ 58,823.49 m. gal. sold = \$.0095 or \$.01/1,000 gallons.